

## SENATE BILL No. 387

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-1.1; IC 6-3.5-7-5.

**Synopsis:** Randolph County CAGIT. Authorizes Randolph County to increase its county adjusted gross income tax (CAGIT) rate. Provides that the revenue from the CAGIT rate increase is to be used to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for those purposes. Provides that the county's CAGIT rate plus the county's economic development income tax rate may not exceed 1.5% if the county has imposed the additional CAGIT rate authorized by this bill. Makes conforming changes. Authorizes the county to adopt an ordinance that makes the CAGIT rate increase effective January 1, 2002.

**Effective:** Upon passage.

**Paul**

January 18, 2001, read first time and referred to Committee on Rules and Legislative Procedure.



C  
o  
p  
y

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 387

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-1.1-2 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county  
3 council of any county in which the county option income tax will not  
4 be in effect on July 1 of a year under an ordinance adopted during a  
5 previous calendar year may impose the county adjusted gross income  
6 tax on the adjusted gross income of county taxpayers of its county  
7 effective July 1 of that year.  
8 (b) Except as provided in section 2.5, ~~or~~ 3.5, ~~or~~ 3.7 of this chapter,  
9 the county adjusted gross income tax may be imposed at a rate of  
10 one-half of one percent (0.5%), three-fourths of one percent (0.75%),  
11 or one percent (1%) on the adjusted gross income of resident county  
12 taxpayers of the county. Any county imposing the county adjusted  
13 gross income tax must impose the tax on the nonresident county  
14 taxpayers at a rate of one-fourth of one percent (0.25%) on their  
15 adjusted gross income. If the county council elects to decrease the  
16 county adjusted gross income tax, the county council may decrease the  
17 county adjusted gross income tax rate in increments of one-tenth of one



C  
o  
p  
y

percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County Council imposes the county adjusted gross income tax on the county taxpayers of \_\_\_\_\_ County. The county adjusted gross income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 2. IC 6-3.5-1.1-3.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.7 (a) This section applies to a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300).**

**(b) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:**

**(1) fifteen-hundredths percent (0.15%);**

**(2) two-tenths percent (0.2%); or**

**(3) twenty-five hundredths percent (0.25%);**

**on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).**

C  
o  
p  
y



(c) In order to impose the county adjusted gross income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county adjusted gross income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a greater rate or for a longer time than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions.

(e) The county treasurer shall establish a county courthouse revenue fund to be used only for the purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the county courthouse revenue fund before making a certified distribution under section 11 of this chapter.

(f) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section;

(2) may not be considered by the state board of tax commissioners in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (b).

(g) A county described in subsection (a) possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under section 9 of this chapter for a prior year; and

(2) unique capital financing needs due to the imminent

C  
o  
p  
y



transfer from the governing board of the county hospital of facilities no longer needed for hospital purposes and the need to undertake immediate improvements in order to make those facilities suitable for use by the county for additional office space, educational facilities and other county functions.

SECTION 3. IC 6-3.5-1.1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) One-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) Except for revenue that must be used to pay the costs of:

(1) operating a jail and juvenile detention center under section 2.5(d) of this chapter; ~~or revenue that must be used to pay the costs of~~

(2) operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(3) **financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions under section 3.7 of this chapter;**

distributions made to a county treasurer under subsection (a) shall be treated as though they were property taxes that were due and payable during that same calendar year. The certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(c) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 4. IC 6-3.5-1.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for revenue that must be used to pay the costs of:

(1) operating a jail and juvenile detention center under section 2.5(d) of this chapter; ~~or revenue that must be used to pay the costs of~~

(2) operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(3) **financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions under section 3.7 of this**

C  
o  
p  
y



**chapter;**

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 2 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
ADJUSTED GROSS INCOME TAX RATE	REPLACEMENT CREDITS	CERTIFIED SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 5. IC 6-3.5-1.1-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter is enforceable in accordance with IC 5-1-14.**

**(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county, the commission, and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.**

SECTION 6. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5. (a) Except as provided in subsection (c), the county economic development income**



tax may be imposed on the adjusted gross income of county taxpayers.

The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c) and (g), the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), ~~or~~ (i), **or (j)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of

C  
o  
p  
y



the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than thirty-seven thousand (37,000) but less than thirty-seven thousand eight hundred (37,800), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than twelve thousand six hundred (12,600) but less than thirteen thousand (13,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

**(j) For a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and one-half percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.7 at a rate of twenty-five hundredths percent (0.25%).**

**SECTION 7. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-1.1-3, the county council of a county described in IC 6-3.5-1.1-3.7, as added by this act, may adopt an ordinance to increase the county's county adjusted gross income**

C  
o  
p  
y





- 1 tax rate after March 31, 2001, and before September 20, 2001.
- 2 (b) Notwithstanding IC 6-3.5-1.1-3, an ordinance adopted under
- 3 this SECTION takes effect January 1, 2002.
- 4 (c) This SECTION expires January 2, 2002.
- 5 SECTION 8. An emergency is declared for this act.

C  
o  
p  
y

